

Message Text

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PAGE 01 HONG K 00542 150604Z

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NRC-05 NSAE-00 TRSE-00

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8739

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EXCON

FOR EA/PRCM

E.O. 11652: N/A

TAGS: ESTC, BEXP, ETRD ETEL, CH, US

SUBJECT: EXPORT CONTROL REQUIREMENTS FOR VIDEO TAPE SALES TO
CHINA

REF: 75 HONG KONG 12652

1. AMPEX MANAGER RAY SMART
HAS APPROACHED CONGEN TO REQUEST
OUR ASSISTANCE IN OBTAINING A ONE-TIME WAIVER OF WHAT HE
UNDERSTANDS IS A RECENTLY IMPOSED EXPORT CONTROL REQUIREMENT
CONCERNING AMPEX'S PENDING EXPORT CONTROL LICENSE. THE
BACKGROUND OF THE CASE IS AS FOLLOWS: IN OCTOBER, AMPEX SOLD

THE CHINESE A DEMONSTRATION UNIT (REFTEL) AND ADEITIONAL UNITS
OF THE AVR-2 VIDEOTAPE RECORDER. AT AMPEX'S REQUEST, THE
CHINESE FURNISHED AN END-USE LETTER TO MEET US EXPORT CONTROL
REQUIREMENTS FOR THIS TRANSACTION. SMART UNDERSTANDS COMMERCE'S
OFFICE OF EXPORT CONTROL NOW REQUIRES FOR APPROVAL OF THIS
LICENSE AN ADDITIONAL STATEMENT THAT, SIX MONTHS AFTER
INSTALLATION, AMPEX TECHNICIANS WILL BE ALLOWED ACCESS
TO THE EXPORT-CONTROLLED MACHINERY (TO CONFIRM ITS ACTUAL
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PAGE 02 HONG K 00542 150604Z

END-USE).

2. SINCE IN THIS CASE THE DEAL ALREADY HAS BEEN CLOSED AND PRIOR US EXPORT CONTROL REQUIREMENTS SATISFIED, SMART FEARS THAT THE CHINESE WILL FIND "ON PRINCIPLE" THIS SUEDEN ADDITIONAL US GOVERNMENT EXCON REQUIREMENT OFFENSIVE AND REFUSE TO COMPLY. THOUGH THE CHINESE HAVE BEEN COOPERATIVE IN THE PAST, THEY MIGHT BALK AT FORMALLY

COMMITTING THEMSELVES IN ADVANCE TO GRANT INSPECTION JUST TO SATISFY US REQUIREMENTS. HE BELIEVES HE HAS A GREATER CHANCE OF OBTAINING PRC ACCEPTANCE OF THIS REQUIREMENT IF IT IS RAISED WITH THEM FROM THE BEGINNING OF THE NEXT ROUND OF NEGOTIATIONS. SMART BELIEVES THE CHINESE INTEND TO PURCHASE MORE AMPLEX EQUIPMENT THIS YEAR.

3. IN SUPPORT OF HIS REQUEST FOR A WAIVER OF THE ALLEGED NEW EXCON REQUIREMENT, SMART POINTS OUT THAT AMPLEX TECHNICIANS WILL INSTALL THE NEW AVR-2S IN PEKING AND SHANGHAI TELEVISION AND SATELLITE FACILITIES, THUS ENSURING THAT THE INITIAL END-USE IS AS STATED. IN HIS EXPERIENCE, THE CHINESE HAVE NEVER WITHHELD FROM AMPLEX TECHNICIANS ACCESS TO ANY PREVIOUSLY INSTALLED AMPLEX EQUIPMENT, AND HIS OBSERVATIONS HAVE CONFIRMED THAT ALL OF IT IS BEING USED IN TELEVISION BROADCASTING. SMART BELIEVES

THAT IN AMPLEX'S CASE, THE ON-GOING WEB OF PERSONAL AND COMMERCIAL RELATIONSHIPS PERMITS AMPLEX TO MONITOR PRC USE OF ITS MACHINES BETTER THAN A FORMALISTIC PROMISE.

COMMENT: IF SMART'S INFORMATION IS CORRECT, THEN AMPLEX MAY HAVE A POINT THAT IMPOSITION AT THIS LATE DATE OF A FURTHER US GOVERNMENT REQUIREMENT WOULD NOT SIT WELL WITH THE CHINESE. IT WOULD BE AN IRRITANT IN OUR BILATERAL COMMERCIAL RELATCTRSHIPS.

ACTION REQUESTED: WE WOULEUAPPRECIATE CLARIFICATION OF T E EXION REQUIREMENT AND AN STATUS REPORT ON AMPLEX'S EXPORT CONTROL LICE SE. FURTHER, IF THERE IS SUCH A REQUIREMENT WE WOULD APPRECIATE ANYTHING T AT THE OFFICE OF EXPORT LIMITED OFFICIAL USE

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PAGE 03 HONG K 00542 150604Z

CONTROL AND THE DEPARTMENT COULD DO TO GRANT A ONE-TIME WAIVER IN THIS CASE TO FACILITATE COMPLETION OF SALE OF THIS

TYPE OF AMERICAN EQUIPMENT WHICH HAS BEEN PREVIOUSLY EXPORTED TO THE PRC.

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